City of Morgan Hill

2007-2014

Housing Element

Preliminary Draft

Prepared for the September 29, 2009
Housing Element Task Force Meeting

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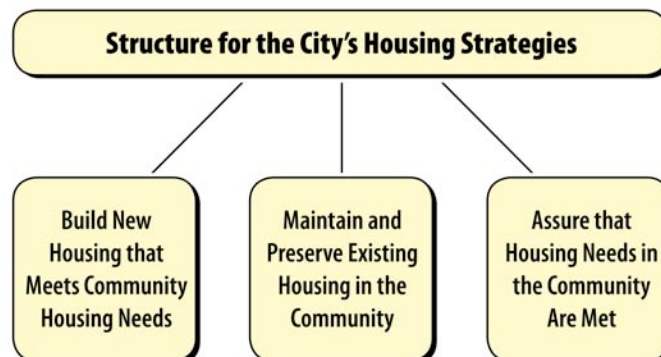
Section I
Background and Introduction

A Purpose of the Housing Element

The Housing Element of the General Plan is a comprehensive statement by the City of Morgan Hill of its current and future housing needs and proposed actions to facilitate the provision of housing to meet those needs at all income levels. The policies contained in this Element are an expression of the statewide housing goal of "attaining decent housing and a suitable living environment for every California family," as well as a reflection of the unique concerns of the community. The purpose of the Housing Element is to establish specific goals, policies, and objectives relative to the provision of housing, and to adopt an action plan toward this end. In addition, the Element identifies and analyzes housing needs, and resources and constraints to meeting those needs.

The Housing Element is focused on the 2007-2014 planning period, consistent with the City's Regional Housing Needs Allocation (RHNA). The element is based on the strategic goals to (1) provide an adequate supply of housing to meet future needs, (2) preserve the existing housing supply, and (3) provide adequate housing for groups with special needs.

Structure for the City's Housing Strategies

- Build New Housing that Meets Community Housing Needs
- Maintain and Preserve Existing Housing in the Community
- Assure that Housing Needs in the Community Are Met

In accordance with State law, the Housing Element must be consistent and compatible with other General Plan elements. Additionally, the Housing Element should provide clear policy and direction for making decisions pertaining to zoning, subdivision approval, housing allocations, and capital improvements. The Housing Element must contain:

- An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.
- A statement of the community's goals, quantified objectives, and policies relevant to the maintenance, improvement and development of housing.
- A housing action program that sets forth a five-year schedule of actions that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element.

The housing action program must also identify adequate residential sites available for a variety of housing types for all income levels; assist in developing adequate housing to meet the needs of low and moderate income households; address governmental constraints to housing maintenance, improvement, and development; conserve and improve the condition of the existing affordable housing stock; and promote housing opportunities for all persons.

Although the Housing Element must follow State law it is by nature a local document. The focus of the updated Housing Element is on the needs, desires and vision of Morgan Hill residents.

B Process for Preparing the Housing Element

The Morgan Hill City Council created a 12-member Housing Element Update Task Force (H.E.A.R.T. — Housing Element Advisory Review Taskforce) to provide guidance and technical assistance throughout the update process. The Task Force has met eight times in 2008 and 2009. The initial focus of Task Force meetings was an analysis of the current Housing Element and the identification and discussion of potential changes, followed by discussion of specific policy options. All of the Task Force

meetings were noticed and open to the public. The meetings have provided an opportunity for members of the public to offer comments and suggestions for the items being discussed.

In addition to Task Force meetings, there were a number of other opportunities for community members to provide input to the Housing Element update. The most prominent of these was a community workshop held on October 16, 2008 which provided the community a chance to ask questions and to offer direction for the Housing Element update. Additionally, there were a number of meetings, which were tailored to reach out to specific stakeholder groups, with the goal of connecting with all segments of the population. Staff and consultants met with:

(1) Seniors and their representatives,
(2) Latino parents (meeting conducted in Spanish)[1],
(3) The Mobile Home Rent Commission,
(4) Housing developers, and
(5) Representatives from five community service providers (Go Kids, South County Housing, Project Sentinel, Community Solutions, and South County Collaborative).

The input from all these activities helped identify key issues and strategic directions to pursue in the Housing Element update. Meetings summaries are available for all the

meetings. The outreach for the Housing Element built on two years' worth of community meetings and discussions about the Morgan Hill Downtown Specific Plan.

In January 2009 staff and consultants met with the City Council to present a summary of the goals and initiatives being considered in the Housing Element. Staff also highlighted key policies the Task Force was considering at a Council housing finance workshop in July 2009. Key goals discussed included:

(1) Improve housing options and programs for seniors
(2) Meet the need for emergency, supportive and transitional housing as required by recent state law changes
(3) Promote second units
(4) Do not encourage new mobile homes
(5) Increase the stock of rental housing
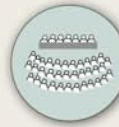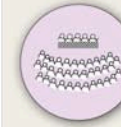
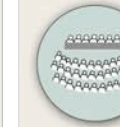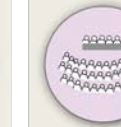[1] This meeting also included representatives from the only Census Tract in Morgan Hill with a majority of Very Low Income households. Meeting facilitation was assisted with the help of community-based organizations — El Toro Youth Center, Community Solutions, and Catholic Charities.

(6)   Increase the density in select areas (while supporting single family neighborhoods)

(7)   Promote sustainability

(8)   Encourage market rate units that are affordable

Public meetings will be conducted on the Preliminary Draft Housing Element, including meetings of the Housing Element Task Force (September 29, 2009), Planning Commission (October 27, 2009), and City Council (November 18, 2009). After review of the Preliminary Draft Housing Element, revisions will be made and the Draft Housing Element will be submitted to the California Department of Housing and Community Development (HCD) as required by State law. HCD will have 60 days to provide comments back to the City.

In early 2010, following review by HCD, public hearings will be conducted on the Draft Housing Element by the Morgan Hill Planning Commission and City Council. The Housing Element will then be adopted by the City Council as part of the Morgan Hill General Plan. It is anticipated that this will occur by March or April of 2010. The next steps in the Housing Element update process, including near-term meeting dates, are shown below.

Remaining Steps in the Process for Housing Element Adoption

Housing Element Task Force Meeting Sept 29 2009	Planning Commission Work Session Oct 27 2009	City Council Work Session Nov 18 2009	State HCD Review of the Draft Housing Element (60-Days)	Planning Commission Public Hearing _____ 2010	City Council Public Hearing _____ 2010	City Council Adoption of the Housing Element _____ 2010
Review of the Preliminary Draft Housing Element	Review of the Preliminary Draft Housing Element	Review of the Preliminary Draft Housing Element *(Make Modifications and Send to HCD)*	Review of the Draft Housing Element *(Letter to be Submitted to the City)*	Public Hearing to Review the Draft Housing Element and HCD/Community Comments *(Make Recommendation to the City Council)*	Public Hearing to Review the Draft Housing Element *(Review of Planning Commission Recommendation and HCD/ Community Comments)*	Adoption of the Updated Housing Element as Part of the Morgan Hill General Plan

C Consistency with the Morgan Hill General Plan
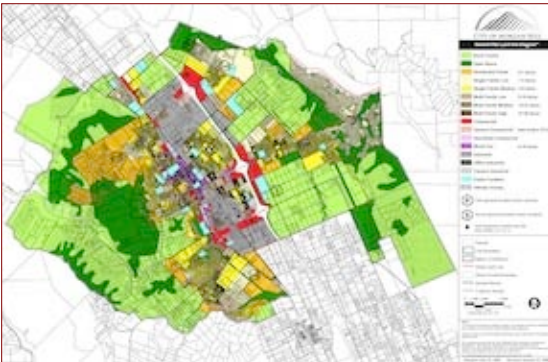
The City of Morgan Hill is subject to the requirements of State legislation. One of the requirements is that all of the goals and policies of the City's General Plan elements must be internally consistent. Internal consistency of Morgan Hill's General Plan has been achieved by ensuring that all elements are mutually supportive. Further, consistency is provided by assuring that all elements of the General Plan meet State law requirements. The Housing Element addresses all State requirements, including relevant legislation enacted subsequent to adoption of the previous element. It contains information on housing constraints and actions to deal with constraints, and reflects recent population, housing, land use, environmental and employment data.

The Housing Element includes information on the number of units required to meet Morgan Hill's housing need, and its share of the regional need. Sites with development potential in accordance with the City's housing needs are evaluated, and are consistent with the land use designations contained in the General Plan. The entire General Plan, including this revised Housing Element, reaffirms the City goals by: (1) acting as a guide for municipal decisions which affect the quality and quantity of housing; and, (2) maintaining Morgan Hill's present quality of life by balancing the availability of housing with other considerations.

The Housing Element is also consistent with the Downtown Specific Plan, which is anticipated to be adopted in November 2009. While the updated Housing Element is consistent with the goals, policies and land use designations contained in the adopted General Plan, it also includes recommended modifications to the current General Plan in response to issues brought up during the update process. These modifications include:

(1)   Modification to the Land Use Element to change the "Public Facilities" designation to "Public/Quasi-Public."

(2)   Development of a "Single Family High" land use category.

(3)   Changes to the wording of Community Development Element Policy 7f that calls for the City to provide for mobile home parks. The new direction of the Housing Element is not to encourage new mobile home parks, although they would still be allowed.

Section II
Key Findings of the Background Analysis

A Demographic and Housing Trends

Morgan Hill today is a suburban bedroom community that is approximately 20 miles from Downtown San Jose and the major employment centers of Silicon Valley. Its housing stock is made up primarily of single family homes and small-to-medium sized rental apartment complexes. Many growing families call it home, and it is not unusual to find many people who have lived in the community for decades.

The city experienced dramatic growth until the late 1970's when its residents enacted a managed growth voter initiative. Since that time Morgan Hill has grown at a more regular planned and sustainable pace. Based on current estimates, the City will continue to do so, but likely at a slower pace in the near-term due to the current economic and market conditions.

In general, housing is slightly more affordable in Morgan Hill than many places in Santa Clara County, but is still more expensive than the State or National averages. While the City's housing stock is meeting the needs of many community members, there are still some areas that need attention. Needs of particular interest include seniors, special needs populations (such as people with disabilities), affordability, and sustainability. Key points are summarized below with full details contained in the appendices to this document.

Demographic Trends and Conditions

➢ The population growth is slow and steady. The current (2008) population is just under 40,000 people. The annual population growth rate is approximately 1.7 percent, and has fallen since 1990, but remained steady in recent years.

- Morgan Hill is a city predominately of families. Approximately 30 percent of the population is under the age of 18 and 73 percent of households are families.
- A majority of Morgan Hill residents tend to be well-educated and work in white-collar fields. Approximately 70 percent have attended some college and more than half work in white collar or higher paying occupations. However, at least a quarter of the population works in lower skilled service sector occupations according to projections by Claritas, Inc. done for the Housing Element update.
- There are more housing units than jobs in Morgan Hill, but this is changing. According to the Association of Bay Area Governments (ABAG Projections 2007), in 2000 the jobs/housing balance was 0.8. In 2035, it is projected to be 0.93. (A jobs/housing balance of 1.0 means there are an equal ratio of residents in the workforce to local jobs.) Largest employers include Anritsu, the School District and Hospira.
- Based on documented national demographic trends, the City's senior population is expected to grow quickly in the coming years as the "baby boomer" generation ages and life expectancies increase. Between 2008 and 2023, the senior population is expected to almost double, to just over 10,108. Because income tends to decline with age, overpayment for housing is a concern for the majority of seniors.

Housing Trends and Conditions

- Housing affordability decreased dramatically from 1998 to 2005. In 1998, the median household could afford the median priced home, but by 2005 housing prices were several hundred thousand dollars too expensive for households making the median income. In 2008 and 2009, as a result of the "Great Recession" and subsequent housing market and lending crises, housing prices have become more affordable due to foreclosures and short sales affecting available inventories.
- Rental prices are relatively affordable and have not changed much in recent years when adjusted for inflation. Many moderate income households, and even some low income households, can afford market rate rents which are at or slightly below calculated moderate income affordable housing cost ranges.
- Most houses in Morgan Hill are single family detached, traditional suburban homes. In recent years, the number of single family attached homes has grown quickly.
- Approximately 72 percent of households own their homes. Vacancy rates for rental units tend to be low as documented by the City's bi-annual rental vacancy surveys.

ABAG Demographic Projections 2000-2025

Geographical Area	2000	2005	2010	2015	2020	2025	2005-2025 Change
Bay Area Regional Total							
Population	6,783,762	7,096,100	7,412,500	7,730,000	8,069,700	8,389,600	**1,293,500**
Households	2,466,020	2,583,080	2,696,580	2,819,030	2,941,760	3,059,130	**476,050**
Persons Per Household	2.69	2.69	2.69	2.59	2.56	2.54	**-0.15**
Employed Residents	3,452,117	3,225,100	3,511,600	3,774,900	4,080,900	4,353,400	**1,128,300**
Jobs	3,753,460	3,449,640	3,693,920	3,979,200	4,280,700	4,595,170	**1,145,530**
Employed Residents/Job	0.92	0.93	0.95	0.95	0.95	0.95	**0.01**
Santa Clara County County							
Population	1,682,585	1,763,000	1,867,500	1,971,100	2,085,300	2,177,800	**414,800**
Households	565,863	595,700	628,870	665,000	701,470	732,830	**137,130**
Persons Per Household	2.92	2.91	2.92	2.92	2.93	2.93	**0.02**
Employed Residents	863,432	734,000	879,900	962,700	1,067,400	1,148,700	**414,700**
Jobs	1,044,130	872,860	938,330	1,017,060	1,098,290	1,183,840	**310,980**
Employed Residents/Job	0.83	0.84	0.94	0.95	0.97	0.97	**0.13**
Percent of Bay Area Population	24.8%	24.8%	25.2%	25.5%	25.8%	26.0%	**1.1%**
Percent of Bay Area Jobs	27.8%	25.3%	25.4%	25.6%	25.7%	25.8%	**0.5%**
City of Morgan Hill and Sphere of Influence							
Population	38,156	41,900	45,200	47,500	49,300	50,900	**9,000**
Households	12,226	13,530	14,540	15,310	15,850	16,350	**2,820**
Persons Per Household	3.08	3.05	3.07	3.06	3.07	3.08	**0.02**
Employed Residents	18,913	16,860	20,590	22,380	24,370	25,900	**9,040**
Jobs	15,220	14,040	15,200	17,260	19,390	21,630	**7,590**
Employed Residents/Job	1.24	1.20	1.35	1.30	1.26	1.20	**0.00**
Percent of County Population	2.3%	2.4%	2.4%	2.4%	2.4%	2.3%	**0.0%**
Percent of County Jobs	1.5%	1.6%	1.6%	1.7%	1.8%	1.8%	**0.2%**

Source: ABAG Projections 2007

ABAG Jobs Projections 2000-2025

Geographical Area	2000	2005	2010	2015	2020	2025	2005-2025 Change
Bay Area Regional Total							
Agriculture and Natural Resources Jobs	24,470	24,170	24,520	24,870	25,070	25,270	**1,100**
Manufacturing, Wholesale and Transportation Jobs	863,420	709,380	740,960	780,680	823,110	867,490	**158,110**
Retail Jobs	402,670	367,680	392,400	422,880	455,450	489,510	**121,830**
Financial and Professional Services Jobs	851,610	780,160	740,960	780,680	823,110	867,490	**87,330**
Health, Educational and Recreational Service Jobs	1,056,030	1,055,010	1,142,400	1,239,920	1,343,550	1,452,070	**397,060**
Other Jobs	555,260	513,240	552,480	597,050	642,970	690,370	**177,130**
Total Jobs	3,753,460	3,449,640	3,693,920	3,979,200	4,280,700	4,595,170	**1,145,530**
Santa Clara County County							
Agriculture and Natural Resources Jobs	4,560	4,500	4,500	4,500	4,500	4,500	**0**
Manufacturing, Wholesale and Transportation Jobs	346,520	265,550	274,420	286,110	298,800	312,490	**46,940**
Retail Jobs	100,570	92,620	92,620	99,780	107,040	114,700	**22,080**
Financial and Professional Services Jobs	211,250	166,460	181,260	199,060	217,440	236,840	**70,380**
Health, Educational and Recreational Service Jobs	247,530	241,850	265,120	291,630	319,360	348,090	**106,240**
Other Jobs	133,700	106,840	120,410	135,980	151,150	167,220	**60,380**
Total Jobs	1,044,130	872,860	938,330	1,017,060	1,098,290	1,183,840	**310,980**
City of Morgan Hill and Sphere of Influence							
Agriculture and Natural Resources Jobs	480	490	490	510	530	540	**50**
Manufacturing, Wholesale and Transportation Jobs	4,700	3,950	4,100	4,470	4,850	5,240	**1,290**
Retail Jobs	2,200	2,070	2,200	2,490	2,780	3,080	**1,010**
Financial and Professional Services Jobs	2,200	1,920	2,120	2,450	2,790	3,160	**1,240**
Health, Educational and Recreational Service Jobs	3,860	4,060	4,530	5,260	6,020	6,840	**2,780**
Other Jobs	1,780	1,550	1,760	2,080	2,420	2,770	**1,220**
Total Jobs	15,220	14,040	15,200	17,260	19,390	21,630	**7,590**

Source: ABAG Projections 2007

B Future Housing Needs

ABAG develops a Regional Housing Need Allocation (RHNA) to distribute the region's share of the statewide need to the cities and counties within the region. The RNHA is for the 2007 — 2014 time period, and is broken into overall need and, within the overall need, housing needs for various income levels in the City.

In developing the method for distributing the latest regional housing needs, ABAG gave increased weight to areas along major transit corridors and where there are a high number of existing jobs as well as employment growth. The new method is intended to allocate fewer units to outlying areas to reduce development pressures on agricultural lands and areas further from job centers. This new approach has resulted in a lower "fair share" housing need for Morgan Hill (reduced from 2,484 units during the 1999-2006 planning period to 1,312 units from 2007-2014). Benefits of this approach include reduced vehicle miles traveled, and reduced green house gas emissions.

City of Morgan Hill Regional Housing Needs Allocation (1999-2006 and 2007-2014)

	1999-2006		2007-2014	
Income Level	**Units**	**Percent**	**Units**	**Percent**
Very Low	455	18%	317	24%
Low	228	9%	249	19%
Moderate	615	25%	246	19%
Above Moderate	1,186	48%	500	38%
Total	2,484	100%	1,312	100%

Source: Association of Bay Area Governments

ABAG Regional Housing Needs Allocation (RHNA) for 2007-2014

	*ELI**	**Very Low Income**	**Low Income**	*Subtotal Lower Income***	**Moderate Income**	**Above Moderate Income**	**Total Units**	Default Density **
Morgan Hill	*159*	**317**	**249**	*566*	**246**	**500**	**1,312**	20/ac
Percent	*12.1%*	**24.2%**	**19.0%**	*43.1%*	**18.8%**	**38.1%**	**100.0%**	

**Extremely Low Income (ELI) — ELI need equals 50% of the Very Low Income RHNA
***From HCD Memo on AB 2348 — Required density on sites needed to meet very low and low income RHNA

Source: Association of Bay Area Governments (May, 2008)
http://www.abag.ca.gov/planning/housingneeds/pdfs/Final_RHNA.pdf

C Affordable Housing Definitions

As shown in the table on the previous page, approximately 43 percent of the RHNA is required to be affordable to low and very low income households. The State limits for the extremely low, low, very low, and moderate income categories are derived from the income limits updated annually by the U.S. Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD). The income limits are based on the median income for the County and are adjusted for household size. Extremely low income is defined as households earning less than 30% of County median income. Very low income are households earning less than 50% of the median income. Low income are households earning 50-80% of the median income. Moderate income are households earning 80-120% of the median income. In 2009 the median income for a family of four is $105,500 in Santa Clara County.

In the context of Housing Elements, "Affordable Housing" generally focuses on housing for extremely low, very low, low and moderate income households, but may also address housing for above moderate income households. Generally, housing that costs no more than 30% of household income is considered affordable. This is especially true for lower income families. So *how much* do extremely low, very low, low and moderate income households earn and who are they? Below are definitions. The current median income for a household size of four in Morgan Hill (and Santa Clara County) is $105,500. The graphic on the following page illustrates some current salaries of a few local occupations that fit in these various categories.

➢ **Extremely low income households** earn less than 30% of the median household income – or less than $28,650 in 2009 for a three-person household.

➢ **Very low income households** earn less than 50% of the median household income – or less than $47,750 in 2009 for a three-person household.

➢ **Low (Lower) income households** earn less than 80% of the median household income – or less than $76,400 in 2009 for a three-person household.

➢ **Moderate income households** earn 80-120% of the median household income – or $76,400 to $113,950 in 2009 for a three person household.
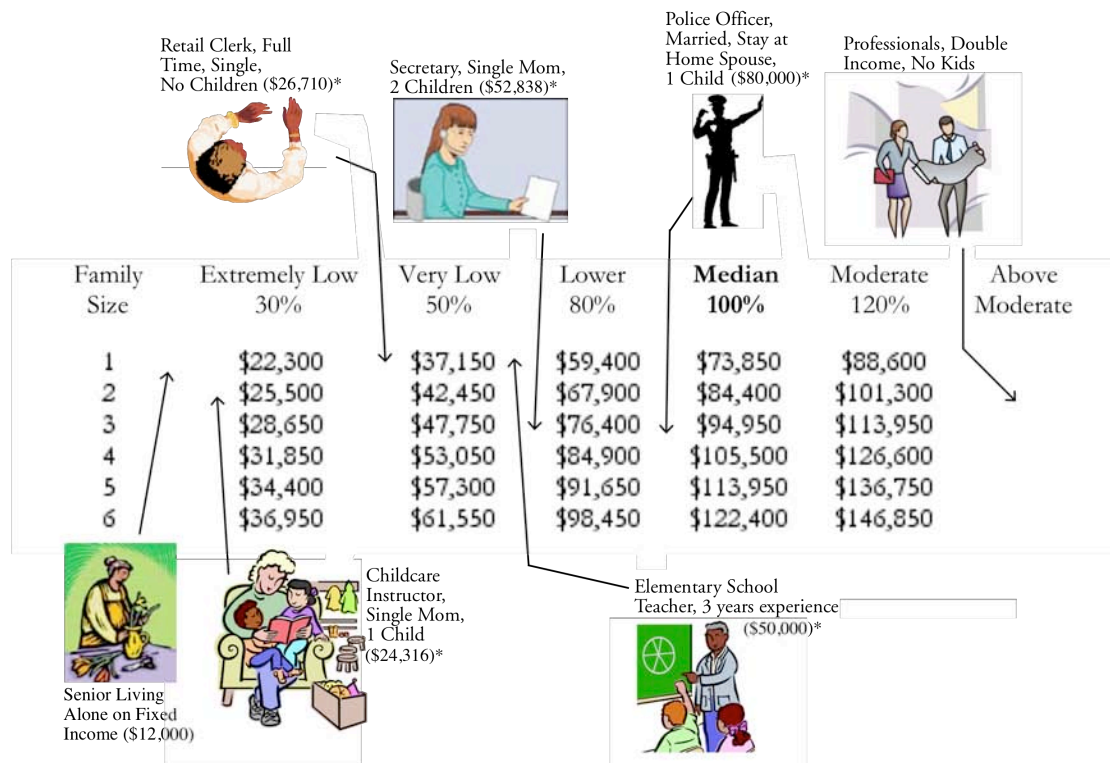
> **Above moderate income households** earn more than 120% of the median household income, or more than $113,950 in 2009 for a three person household.

City of Morgan Hill 2009 Household Income Schedule

Family Size	Extremely Low 30%	Very Low 50%	Lower 80%	Median 100%	Moderate 120%
1	$22,300	$37,150	$59,400	$73,850	$88,600
2	$25,500	$42,450	$67,900	$84,400	$101,300
3	$28,650	$47,750	$76,400	$94,950	$113,950
4	$31,850	$53,050	$84,900	$105,500	$126,600
5	$34,400	$57,300	$91,650	$113,950	$136,750
6	$36,950	$61,550	$98,450	$122,400	$146,850

Source: Department of Housing and Urban Development, effective March 9, 2009

**City of Morgan Hill and Santa Clara County
2009 Household Income Limits**

Retail Clerk, Full Time, Single, No Children ($26,710)*

Secretary, Single Mom, 2 Children ($52,838)*

Police Officer, Married, Stay at Home Spouse, 1 Child ($80,000)*

Professionals, Double Income, No Kids

Family Size	Extremely Low 30%	Very Low 50%	Lower 80%	Median 100%	Moderate 120%	Above Moderate
1	$22,300	$37,150	$59,400	$73,850	$88,600	
2	$25,500	$42,450	$67,900	$84,400	$101,300	
3	$28,650	$47,750	$76,400	$94,950	$113,950	
4	$31,850	$53,050	$84,900	$105,500	$126,600	
5	$34,400	$57,300	$91,650	$113,950	$136,750	
6	$36,950	$61,550	$98,450	$122,400	$146,850	

Senior Living Alone on Fixed Income ($12,000)

Childcare Instructor, Single Mom, 1 Child ($24,316)*

Elementary School Teacher, 3 years experience ($50,000)*

Source: Official State Income Limits for 2009 (Santa Clara County) as determined by the U.S. Department of Housing and Urban Development (HUD), adjusted for family size; the 2009 Area Median Income is $105,500. Estimates for 2009 salaries are from California Employment Development Department (*) for the San Jose-Sunnyvale-Santa Clara MSA, and from the City of Morgan Hill and Morgan Hill Unified School District. These survey data are from the 2008 Occupational Employment Statistics (OES) survey, with wages updated to the first quarter of 2009.

Section III
Current Housing Element Review and Accomplishments

A Accomplishments of the Current Housing Element

This section highlights some of the key accomplishments during the previous Housing Element cycle from 1999 to 2006. This Housing Element builds upon the success of the current Housing Element since the City achieved many of the implementing action programs set out in the current Housing Element. While in some cases, time and opportunity hindered the accomplishment of some programs, most programs have been implemented. For a full review of the previous Housing Element see Appendix A, and for more information about Redevelopment Agency projects, please see the Agency's annual report. Overall, the City exceeded its quantified objectives for the creation and/or preservation of housing. Further, a significant number of very low and low income units have been built.

Quantified Objectives for 1999-2006 Compared to Actual Accomplishments

	Very Low Objective (Completed)	Low Objective (Completed)	Moderate Objective (Completed)	Above Moderate Objective (Completed)	Total Objective (Completed)
New Construction	297 (405)	228 (390)	615 (222)	1,186 (1,511)	2,326 (2,528)
Rehabilitation	30 (370)	45 (120)	(134)	n/a	75 (624)[2]
Conservation	15 (177)	10 (177)	n/a	n/a	25 (354)[3]

Source: City of Morgan Hill

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[2] Based on Morgan Hill's reports (Form HCD-D-5).
[3] Includes Village Avante (112), Hacienda Mobile Home Park (166), Crossings (24) and Crest Ave (52). Crossings and Crest Avenue have not yet been completed but have been acquired.

Some of the particularly noteworthy accomplishments of the current Housing Element include the following:

(1)   **MET NEW HOUSING OBJECTIVES, WITH ONE-THIRD OF THE NEW HOUSING AFFORDABLE TO VERY LOW AND LOW INCOME RESIDENTS.** Provided for the orderly creation of new housing, with 2,528 new housing units created since 2000. Approximately one-third of the units built have been affordable to very low and low income residents. There are two primary reasons for the City's success — (1) active involvement of the City in housing programs, primarily through the City's Redevelopment Agency; and, (2) establishment of affordable and special needs housing as a high priority in the City's Residential Development Control System (RDCS).

(2)   **MAINTAINED AN ACTIVE REDEVELOPMENT AGENCY.** The Redevelopment Agency has created over 750 units and allocated over $32 million for housing. Recent notable new construction projects supported by the Redevelopment Agency:

Viale Teacher Housing — The Agency provided $875,000 in funding to South County Housing to develop Viale, 10 affordable single family detached homes, development for teachers.

Murphy Ranch — Provided funding for a 100-unit rental complex built in two phases, including committed funding for two senior projects. Apartments have 2, 3 or 4 bedrooms, and almost all are townhouse type units.

Madrone Plaza — Assisted in the creation of a 95-unit mixed-income, environmentally friendly, new development (see case study below)

Case Study of Madrone Plaza

Madrone Plaza is a Planned Unit Development (PUD) which consists of 95 newly constructed single family homes and town homes located at Butterfield Boulevard and Jarvis Drive in Morgan Hill. This innovative development is mixed-income consisting of 71 affordable townhomes and 24 market rate detached homes. The affordable ownership homes are for low to moderate income eligible families (80 percent to 120 percent of AMI). The Agency provided $3,900,000 in CalHFA funds for pre-development and acquisition and $1.9 million in down payment assistance through the RDA. All units incorporate green design features, which result in lower utility costs, reduced energy consumption and provide a healthier

living environment. The townhomes feature rear loaded garages and the front of the units face one another overlooking a deck and paseo area to create a greater sense of community. The development also has pedestrian "paseo" paths throughout the development that encourage community interaction and pedestrian/bicycle paths to provide easy access to the tot lot, pocket parks and recreational area. These areas also feature benches, picnic tables and barbecue pits.

(3) **PREPARED THE DOWNTOWN SPECIFIC PLAN.** In 2003, Morgan Hill adopted a vision and plan for downtown, which has been updated in 2009. The Downtown Specific Plan is expected to be adopted by November 2009. The plan calls for an active, attractive, pedestrian friendly village with a diversity of uses. It also calls for up to 1,200 housing units, most of which will be multi-family. To implement the plan, Measure A provides an exemption for 500 units in the downtown area.

(4)   **ANNUALLY REVIEWED THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) TO ENSURE ITS EFFECTIVENESS.** Recent changes include creating a multi-family rental competition to encourage a more diversified housing stock, green building/sustainable incentive, variable pricing for BMR units by housing types/zoning, and a senior housing competition.

(5)   **EXPANDED THE DOWN PAYMENT ASSISTANCE PROGRAMS TO COVER ALL QUALIFIED RESIDENTS.** Formerly it was limited to employees and police officer officials.

(6)   **MADE LOANS OR GRANTS TO IMPROVE APPROXIMATELY 624 HOUSING UNITS, APPROXIMATELY 455 OF THESE WERE SENIOR UNITS.** Typically, the Redevelopment Agency makes approximately 30 grants and one or two loans per year to seniors, mobile home owners and the disabled. Grants or loans to nonprofit developers to renovate units are counted in the 624 units total above.

(7)   **PROVIDED ASSISTANCE TO ACQUIRE AND, WHEN NECESSARY, REHABILITATE OVER 354 HOUSING UNITS, ENSURING THEY REMAIN AFFORDABLE.** Highlights include:

Crest Avenue Rehabilitation II — The Agency provided $4.4 million in assistance for pre-development and acquisition of the six properties. Renovation of the 52 units includes new windows, exterior paint, parking areas, heating systems, cabinets and plumbing fixtures in addition to installation of energy efficient appliances and other "green" features.

Hacienda Mobile Home Park — Assisted Millennium Housing in purchasing the 166 unit Hacienda Mobile Home Park, to preserve the affordable housing for the elderly residents.

Village Avante — The Agency provided over $2 million in funding for the acquisition and rehabilitation of 112 at risk units. Now, 89 are reserved for very low income households and 23 are reserved for lower income households.

B Housing Element Program Review

Other than the items identified during the community review process (see earlier comments) and updating of dates and quantified objectives, the goals, policies and programs contained in the current Morgan Hill Housing Element remain viable and current as the City moves forward during the next planning period (2007-2014). The overview below focuses primarily on those programs implemented by the Housing Division of the City of Morgan Hill Redevelopment Agency and Santa Clara County to address housing problems in Morgan Hill.

City of Morgan Hill Housing Programs

As of June 2009, the Agency had a fund balance in its Housing Set-Aside fund of $7.2 million, and estimates that between FY 2009 and 2014 an additional $25 million in set-aside funds will become available to support the Agency's housing programs. Housing Set-Aside will be available for housing rehabilitation loans (30 percent), senior housing and mobile home repair grants (15 percent), below market rate housing (5 percent), and new development/major rehabilitation/special programs (50 percent).

The City of Morgan Hill **Below Market Rate Housing Program (BMR) Homeownership Program** helps qualifying buyers obtain affordably priced homes. Between 1990 and 1997, 185 new BMR housing units have been produced in Morgan Hill, of which 93 were lower income, 86 were median income, and six were moderate income units. Since 1998, 67 units were constructed under this project including 61 lower income units and six median income units. A total of 252 units have been

constructed under this program since 1990. The City currently has over 500 program participants.

Participants must be income eligible and be pre-approved to be able to financially qualify for a fixed-rate, fixed term mortgage, and must have a minimum 3-percent down payment in their own funds in order to purchase a home. Eligible applicants are placed on a waiting list until the opportunity to purchase a unit becomes available either through new construction or resale of an existing unit. This program helps lower and moderate income households purchase homes that are affordable and adequate to their needs. It also prevents affordable homes from being sold to persons with little or no income obstacles, maintaining a larger base of affordable homes in the area. Home prices range from $264,000 for a low income, two-bedroom home to $439,000 for a moderate income, four-bedroom home.

In addition to the BMR Homeownership Program, the City offers the **BMR Rental Program** to provide rental assistance to lower income households. Program participants must be income eligible and be a resident of Santa Clara County or employed in Morgan Hill. Eligible participants are placed on a waiting list and referred to rental complexes when a BMR rental unit vacancy becomes available. Eligible applicants must also meet the individual leasing requirements of the participating apartment complexes to receive housing. These requirements may include a credit check, references, criminal background check, security deposit requirements (first/last months rent), etc. to ensure the owner/property manager that a potential tenant is responsible. Referred Tenants must be re-certified annually Current BMR rental rates range from $625-$818 for a one-bedroom unit rented to a very low income household, to $1,475 to $1,519 for a four-bedroom unit rented to a lower income household. Most Rents include utilities.

The City also offers a **Housing Rehabilitation Loan Program**, where loans are provided to lower income single-family owner occupants and owners of rental housing with income qualified renters in order to maintain and improve housing conditions, which also allows the City to maintain its stock of affordable housing. The loans are available to qualifying homeowners and owners of rental properties in which at least 51 percent of the rental units are occupied by lower income tenants. Loans may be used for accessibility upgrades, emergency repairs, plumbing and heating, electrical and lighting work, earthquake retrofitting, fire prevention, security and safety items, roofing, handicapped accessibility, termite and dry rot repair, and other improvements approved by the City. Loans can typically range up to $40,000 without City Council approval depending on the work needed and the type of unit being repaired. Interest rates may typically range from 3.0 percent to 7.0 percent. The maximum loan term is typically 55 years, and may be amortized or deferred. Loans are financed through Redevelopment Agency (RDA) 20 Percent Set-Aside Funds and CDBG monies.

Before and After Examples of Rehabilitation Projects

Jasmine Square	**Royal Court**	**Villa Ciolino**

The City's **Minor Home Repair Grant Program** is broken into two subprograms: the **Senior/Special Needs Housing Repair Program** and the **Mobile Home Repair Program**. The Business Assistance and Housing Services Department administer both programs. Although eligibility requirements slightly differ, both programs allow eligible applicants to receive a home repair grant up to $7,500. Funding comes from the Morgan Hill Redevelopment Agency's Affordable Housing Set-Aside Funds. The Repair Grants funding is authorized under the Agency's housing preservation authority specified in the State's Redevelopment Law. Eligible persons must meet homeownership, age, disability, and income requirements for the Senior/Special Needs Housing Repair Program or mobile home ownership and income limits for the Mobile Home Repair Program. Eligible repair work includes: accessibility upgrades, emergency repairs, plumbing and heating, electrical and lighting work, earthquake retrofitting, fire prevention, security and safety items, roofing, termite and dry rot repair, and other improvements approved by the City.

The City is undertaking a new program called **Blight Busters**. It is a cooperative effort of an inter-departmental team (Redevelopment, Police, the Housing Division and Code Enforcement) to provide financial assistance to alleviate code enforcement violations. One key component would be when the Code Enforcement Officer identifies a problem, the Housing Rehabilitation Coordinator will provide information about financial resources to make improvements for eligible properties or information about technical assistance.

Santa Clara County Housing Programs

The Housing Authority of Santa Clara County administers the Section 8 Housing Assistance Payments Program (Section 8). This program links landlords with tenants eligible for rental assistance. Section 8 guarantees landlords fair market rent while providing subsidies for tenants in rental properties. Section 8 tenants are those elderly, handicapped, or low income families needing help to secure decent housing. Morgan Hill is participating in this program that encourages landlords to accept Section 8 vouchers, and will be on the list of cities in the rent subsidy program. The County has four Federal grant programs to assist eligible persons seeking permanent, transitional, or emergency housing-related services.

Community Development Block Grants (CDBG)
Morgan Hill participates in the **Santa Clara County CDBG Urban County Program** that provides funding to nonprofit agencies to enable them to offer housing and housing-related services to eligible lower income persons including seniors, persons with disabilities, the homeless and battered spouses. The Program provides approximately $130,000 annually in funding for each participating City for the acquisition, construction, or rehabilitation of affordable housing, public facilities, and services for lower income persons. Each of the Urban County cities develops its own local funding priorities based on the overall community needs and goals documented in the County's Consolidated Plan. The majority of the urban county cities has a housing rehabilitation program or offer lower interest loans or grants for qualified home repairs. Individual initiatives and the use of CDBG funds have helped. In previous years the CDBG loan program has been used to assist with home improvements for applicants who meet the income guidelines.

HOME Program (Home Investment Partnership Act)
The federal **HOME Program** is administered by the County Office of Affordable Housing provides loans and grants to nonprofit organizations to assist with financing to develop permanently affordable housing through acquisition, construction, or rehabilitation.

Emergency Shelter Grant Program
The **Emergency Shelter Grant Program** (ESG) which is another federal program locally administered by the Housing Authority provides grants to nonprofit organizations operating existing homeless shelters for rehabilitation of the facility, maintenance and operations, essential supportive services and the prevention of homelessness.

Shelter Plus Care
Shelter Plus Care (S+C) is another Housing Authority program that provides a five-year rent subsidy to homeless/disabled individuals and their families to assist them in securing permanent affordable rental housing. Applicants must be currently homeless and must be diagnosed with one of the following disabilities: mental illness, HIV/AIDS, or a drug and/or alcohol dependency. In addition to rent subsidy, the program also arranges for various treatment services and case management. S+C clients are required to pay 30 percent of their monthly income towards rent; S+C pays the balance.

Available Land Inventory

B Overview of Available Land for Housing

Morgan Hill has approximately 548 acres of vacant land available for residential development, with the potential for over 3,000 housing units, distributed in the following zones[4]. These units have access to necessary infrastructure.

Acreage and Units by Zoning Category (Outside of the Downtown)[5]

Zoning	Density Permitted (Units/Acre)	Acres	Potential Units
RE-100,000	0.5	16	6
RE-40,000	1.0	95	75
R1-20,000	2.2	60	103
R1-12,000	3.6	79	186
R1-9,000	4.8	14	53
R1-7,000	6.2	83	328
R2-3,500	12.5	110	1,091
R2-3,000	14.5	26	288
R3	22.0	38	627
CC-R[6]	20.0	10	134
CL-R		11	157
PUD		3	30
RPD		4	8
TOTAL		**548**	**3,086**

Source: City of Morgan Hill, 2009

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[4] Parcels with less than $10,000 of land improvements (as recorded by the assessor) are counted as vacant. Underutilized land was determined through inspections of aerial maps.
[5] See Constraints section for more information.
[6] The CC-R District is being increased from the existing 18 dwelling units/acre to 20 dwelling units/acre, along with the Downtown Specific Plan.

Downtown will be a significant source of new development in future years. There are some changes to the zoning standards for downtown, summarized briefly below and in more detail in the constraints section:

(1)   CBD Central Business District (no minimum, no maximum density)
(2)   CC-R (20 du/ac) to increase density along with the adoption of the Downtown Specific Plan, taking it from 18 du/ac to 20 du/ac.
(3)   RE Residential Estate (0-1 du/c)
(4)   R2 Downtown Medium-Density Residential (5-14 du/ac)
(5)   D-R3 Downtown Medium-Density Residential (14-21 du/ac)
(6)   D-R4 Downtown High-Density Residential (21-40 du/ac)
(7)   D-PF Downtown Public Facilities PD Planned Development

Of the 1,190 units anticipated by 2030, the majority of these will be in the Central Business District Zone, which has no maximum density and is expected to develop at more than 20 units per acre. Below is a summary of available land compared to densities and estimated affordability.

Available Land Inventory Compared to Potential Affordability

Description	Units on Sites at 20 units or More per Acre (Affordability Based on Default Density)	Multi-family Housing at Less than 20 units per Acre (Moderate Income Affordable)	Lower Density Housing (Above Moderate Income Affordable)[6]	Total Units
Downtown Area[7]	465 Units (CBD Zoning) + 134 (Multi-family High Density Zoning)	219 (Multi-family Medium Density Zoning)	32	850
Rest of City	627 (R-3 Zone)	-	2,759	3,386
Second Units	3	6	6	15
TOTAL	1,229	315	2,797	4,411

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[7] Some of the units listed in this section will be developed at price affordable to low- or moderate income households. See the Goals and Objectives section for more information on likely development patterns. To be conservative, these units are listed as being affordable to above moderate income households.

Between now and 2015, it is estimated that 850 units will be developed Downtown, and a Master EIR has been prepared in order to streamline future development approvals. Of the 850 units, 465 units are expected to come from blocks zoned Central Business District – Mixed Use (blocks 1,2,3,4 and 7; no maximum density per se but up to 60 Dwelling Units per Acre (DUA)) based on other land use controls). Another 134 are predicted to come from block 15 made up entirely of multi high zoning (21-40 DUA). The rest of the units, 219, will come from blocks made up of multi-family medium (14-21 DUA) and CBD-MU (blocks 13, 14, 18 and 20). (32 units are not assigned to specific blocks.) See the constraints section for more information about zoning rules.

Second units projections are based on historical patterns of two units per year, but more are actually anticipated because second units are also created through the RDCS within new subdivisions. This Housing Element identifies a number of policies and programs to increase production of second units as well *(please see the Technical Appendix section for more information about second unit affordability assumptions and Appendix E for a full list of available sites)*. Below is a summary of available land compared to the City's RHNA for the 2007-2014 planning period.

Available Land Inventory Compared to the City's Regional Housing Need Allocation

Description	Units on Sites at 20 Units or More Per Acre (Default Density for Very Low and Low Income Housing Sites)	Multi-family Housing at Less than 20 Units Per Acre (Moderate Income Affordable)	Lower Density Housing (Above Moderate Income Affordable Housing)	Total Units
Total Land Inventory	1,229	315	2,797	4,411
RHNA[8]	566	246	500	1,312
Surplus	733	69	2297	3,099
Ratio of Available to Required Inventory	2.3	1.3	5.6	3.4

[9]

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[8] Extremely Low, Very Low and Low Income RHNA (566 units); Moderate Income RHNA (246 units); Above Moderate Income RHNA (500 units), per default density calculations contained in State law (AB 1233).
[9] Some of the units listed in this section will be developed at prices affordable to low or moderate income households. For example, the R-3 Multi-Family Medium designation goes up to 21 du/acre. See the Goals and Objectives section for more information on likely development patterns. To be conservative, these units are listed as being affordable to above moderate income households.

B Development Under the Downtown Specific Plan

The City has recently completed the final draft of the Downtown Specific Plan and it is scheduled for adoption in November 2009. The Morgan Hill Downtown Specific Plan would amend the City of Morgan Hill General Plan and Zoning Ordinance for the downtown area and modify relevant plans, policies, and design guidelines which guide and regulate development in the area. The proposed Downtown Specific Plan, consistent with Government Code Section 65451, includes existing and planned land uses, circulation, parking, urban design guidelines, signage guidelines, infrastructure, and an implementation plan.

Downtown Specific Plan Location and Zoning Maps[10]

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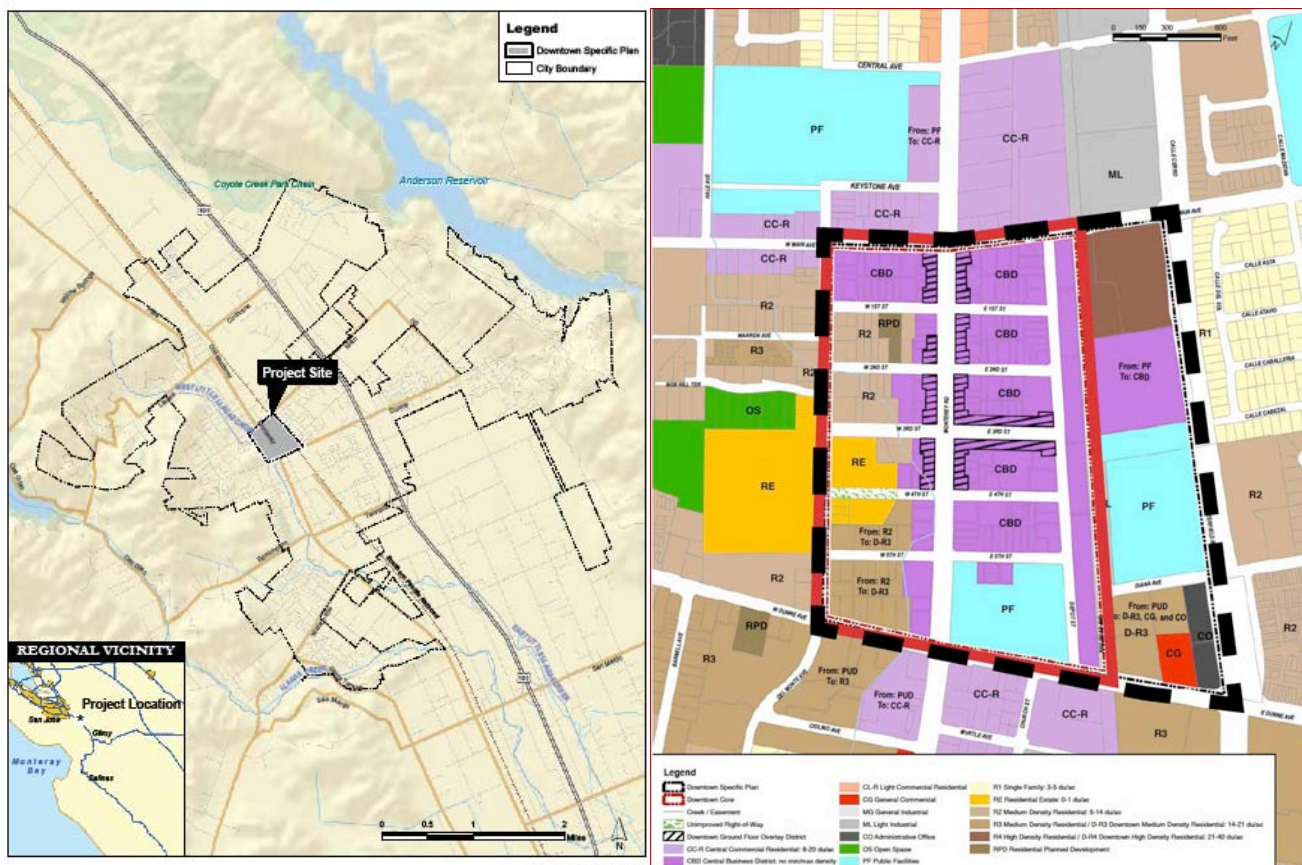
[10] See the Downtown Specific Plan for detailed zoning and other recommendations.

The 115-acre Downtown Specific Plan area, shown above, is an 18-block area bounded by Main Avenue to the north, Butterfield Boulevard to the east, Dunne Avenue to the south, and Del Monte Avenue to the west in the City of Morgan Hill. Modifications to General Plan land use designations and/or zoning districts are also proposed in areas north and south of the Specific Plan boundaries. The plan is based around the following vision statement: "Strengthening Downtown as the social and activity heart of Morgan Hill is the overriding aspiration of this Plan — a place where residents from all segments of the community can live, work, meet, shop, participate in public celebrations, and share in the richness of Morgan Hill's community life. It will be a place like nowhere else — a place with its own scale, character and uses."

Downtown Morgan Hill is unique in that it has a commuter rail station within easy walking distance of a variety of retail, office, and residential uses. Existing land uses and special uses, such as the Morgan Hill Community and Cultural Center, are shown below. The Plan has a number of major goals, including:

(1)   Increased residential density within the Specific Plan boundary, as well as on opportunity sites outside the Specific Plan boundary;
(2)   Development standards for new commercial spaces;
(3)   Coordination of a parking strategy with realistic growth projections;
(4)   Examination of circulation patterns;
(5)   Creation of a plan for public investment, given that the Redevelopment Plan Amendment was approved in 2006, which provides a substantial amount of funding for downtown and public infrastructure projects and activities.

Future development will focus on promoting pedestrian activity, increasing the Downtown residential population, and increasing shopping and employment opportunities with appropriately designed spaces throughout Downtown. The proposed General Plan land use designations and Zoning Ordinance classifications reflect the development needs of Downtown Morgan Hill. Mixed-use land use designation and the CBD zoning district make up the majority of the area along Monterey Road and between Monterey Road and the railroad tracks. A variety of residential densities are proposed for a majority of the area west of Monterey Road and at the north and south ends of Butterfield Boulevard. Public Facilities exist at the Morgan Hill Community and Cultural Center, along Monterey Road and Dunne Avenue, as well as the future fire station and County Courthouse along Butterfield Boulevard. The Ground Floor Overlay (GFO)

covers certain properties along Monterey Road and Third Street. The intent of this overlay is to provide ground-floor retail, as well as restaurants.

Housing types envisioned include for-sale condominiums (from two-bedroom, two-bath to four-bedroom, three-bath, and sized from 900 to 1,500 square feet); for-rent apartments (there is a range of studios and one-to three-bedroom units, sized from 400 to 1,300 square feet). To make development more likely, units will not be required to provide guest parking, but will still need to meet the parking standards in the General Plan.

As part of the Downtown Specific Plan process, Morgan Hill conducted a block by block analysis of redevelopment potential. It found potential for a net gain of 1,190 new units in the downtown area (1,393 gross), 93,490 square feet of retail and 85,591 square feet of office/service. Approximately 850 of those units are expected by 2015.

B Morgan Hill Residential Development Control System (RDCS)

The voters of Morgan Hill first passed the City's Residential Density Control System (RDCS) in 1977. That initiative, Measure E, has been updated and extended a number of times. Parts of the initiative have been codified in the City's General Plan while other parts have been included in the City Zoning Ordinance. The provisions of the initiative can only be changed by the affirmative vote of the City electorate. The initiative applies to all residential development except for secondary dwelling units and one dwelling unit developments that are not part of larger projects.

The RDCS system gives the City flexibility to ensure that new housing meets the needs of residents. The criteria are reviewed annually and adjusted accordingly. For example, because in recent years there was concern that rental units were not able to compete effectively in the RDCS, the City created a multi-family rental category. This resulted in the first applications for rental housing in over a decade. The City has also used the RDCS competition to promote sustainable housing.

Application of the RDCS formula results in approximately 220 permits being granted each year, which is above the 2007-2014 RHNA need for 187 units per year (1,312 units total). The City's RDCS does not pose a constraint to the City's ability to meet its RHNA, and, on the contrary, resulted in a significant number and variety of affordable housing being built in the community above the City's 1999-2006 RHNA allocation.

The RDCS and the City's General Plan require that 20 percent of all permits (or approximately 50 permits annually) be issued to affordable projects (where at least 75 percent of the units are affordable). These projects are typically built by nonprofit housing providers with funding support from federal, state and local agencies, including the City's Redevelopment Agency. Of the 1,312 units approved so far in the 2006 to 2012 competitions, approximately 43 percent were affordable to very low or low income residents and 19 percent to moderate income residents.

Permits for residential projects are typically approved once annually, through a competitive process involving all projects proposed for development for a given year. That process utilizes an objective point system to evaluate such aspects of development as design, diversity of housing types, the provision of affordable housing, and the potential impact on public facilities, traffic, infrastructure, and public services. The affordable housing factor grants additional points to projects that commit five to ten percent of the total number of project units to be deed-restricted affordable to persons/families of low or moderate income. The greater the percentage of affordable units (up to ten percent) and the greater level of affordability provided, the greater the number of points awarded. To qualify for points, for-sale projects must incorporate units that are affordable to persons/families of low or median income. To qualify, rental projects must incorporate units that are affordable to persons/families of very low or low income.

The City's RDCS has been amended to make it easier for higher-density residential and vertical mixed-use Downtown projects to compete for residential building allocations against the detached single-family residential projects. In 2005, the City held a competition for projects in the area in and around Downtown, resulting in 363 residential building allocations awarded into fiscal year 2009/2010. Of the 363 units, 255 were located within the 18-block boundary of the Downtown Specific Plan. In recent years (2006 and 2009) voters approved amendments to exempt downtown residential development from the RDCS competition.

Current allocations from the 2009 and 2010 RCDS competitions through 2013, and schedules extended for projects, total 1,747 units. The majority of the 2011/12 and 2012/13 allotments will likely be for Downtown projects.

Section V
Housing Goals, Policies and Programs

 Goal 1 **Adequate New Housing to Meet Future Community Housing Needs**

*Policy 1a: **Adequate Land for New Development.** Ensure that an adequate amount of land is available for new residential development.*

1a-1: **Maintain Adequate Vacant Land.** Maintain an adequate supply of vacant land zoned for a range of residential densities.

1a- 2: **Evaluate Land Availability Annually.** Evaluate annually the amount of land available for development and the projected five-year need and adjust the General Plan and zoning as necessary to accommodate the City's regional housing allocation.

1a-3: **Capital Improvement Programming.** Give high priority in the annual Capital Improvement Program to providing adequate public facilities to residentially zoned land needed to accommodate the City's ABAG-projected regional housing needs allocation (RHNA).

1a-4: **Meet the City's RHNA.** Strive to approve a sufficient number of housing unit allocations with the objective of meeting the City's ABAG-assigned regional allocation for each income group.

*Policy 1b: **Adequate Land for Multi-Family Housing.** Provide an adequate supply of land for multi-family housing located convenient to shopping, services, and transportation routes.*

1b-1: **Adequate R-3 and R-4 Zoned Sites.** Maintain an adequate supply of multi-family zoned (R-3 and R-4) land for multi-family use to accommodate the City's ABAG-assigned regional housing allocation for lower income households.

1b-2: **Land Acquisition for Affordable Housing.** Continue to pursue opportunities for land acquisition for future affordable housing development in areas zoned for multi-family or commercial that permit mixed projects, either through acquisition of suitable sites by the Redevelopment Agency or by assisting a nonprofit housing developer in acquiring land for future development.

1b-3:	**Transit Corridors Development.** Continue to promote smart growth development along identified transit corridors.

*Policy 1c: **RDCS Allocations.** Encourage the allocation of the maximum possible number of housing units under RDCS allocations.*

1c-1:	**Annually Evaluate RDCS Allocations.** Annually evaluate the outcome of the allocation process to determine if further adjustments to the system are advisable to ensure that the annual allocations are maximized for both market rate and affordable housing.

*Policy 1d: **Variety of Housing.** Encourage a variety of housing types and densities within the community.*

1d-1:	**New Housing (20% Multi-Family).** Continue to ensure that an average 20 percent of all new housing allocations are designated for multi-family units.

1d-2:	**New Multi-Family Housing (30% Rentals).** Ensure that a minimum of 30 percent of new multi-family units are rentals. Continue to include a rental category in future RDCS competitions, as appropriate.

1d-3:	**Annual RDCS Objectives.** Establish annual objectives under the RDCS allocation process for affordable housing based on past production and future needs.

1d-4:	**Retain Residential Zoning.** Avoid rezoning residential land for other uses and for lesser residential densities than shown on the General Plan.

1d-5:	**Minimum Densities.** Require development of property designated as multi-family to occur at a density no less than the minimum density prescribed by the General Plan.

1d-6:	**Affordable Housing Strategy Implementation.** Encourage the creation of rental housing through the actions of the Redevelopment Agency and implementation of its Affordable Housing Strategy

1d-7:	**RDCS Refinement.** As part of the regular Planning Commission Subcommittee on the RDCS, consider developing varied standards for different types of developments.

*Policy 1e: **Variety of Single Family Homes.** Provide for a variety of single family lot sizes.*

1e-1:	**Zoning Revision (Variety of Single Family Lot Sizes).** Revise the Residential Planned Development Provisions of the Zoning Ordinance (Chapter 18.18) that permit a variety of lot sizes for single-family homes for consistency with Community Development Element Actions 7.1 and 7.2 that establish targets for

the percentage of small-lot single-family detached homes in the Multi-family Low designation.

1e-2: **Zoning and General Plan Revision (Single Family High Category).** Amend the general plan and zoning ordinance to create a Single Family High category (5-10 units per acre), single family homes, with the goal of creating market rate affordable homes. Ensure that the homes are an appropriate size and scale for the lot, and where possible have these houses be senior friendly (for example have a bedroom and bathroom on the ground floor).

*Policy 1f: **Home Ownership.** Increase housing ownership in Morgan Hill through targeted assistance programs.*

1f-1: **First-Time Homebuyer Program.** Maintain the first-time homebuyer assistance program targeted to low and moderate income residents and employees.

*Policy 1g: **New Market Rate Developments.** Promote and encourage provision of housing within new market rate development that is affordable to very low, low, median and moderate income households.*

1g-1: **Monitor and Implement RDCS in New Projects.** Continue to monitor and ensure that an appropriate percentage of all new market rate housing be affordable to lower, median, and moderate income households, by continuing Planning Commission and City Council review of annual RDCS proposed allocation procedures for developers to maximize points in the RDCS.

1g-2: **Density Bonuses and Other Incentives.** Continue to provide density bonuses and other incentives consistent with State law and local regulations for those projects committing to provide appropriate amounts of below market rate units. Other incentives may include: (a) Exceptions to design and development standards on a case-by-case basis that reduce the cost of producing housing units without sacrificing the objectives for which these standards were adopted; (b) payment of fees from Redevelopment Agency tax increment housing set-aside funds; (c) priority permit processing to ensure that project funding is not jeopardized; (d) assistance in accessing funding by applying to, or supporting applications to, state, federal, and private agencies.

*Policy 1h: **Incentives for Affordable Developments.** Provide incentives through the RDCS to BMR and other affordable projects that provide a high percentage of affordable units*

1h-1: **RDCS Points for BMR Housing.** Retain provisions within the RDCS that award points for developments that voluntarily reserve a percentage of the proposed housing for below market rate units.[11]

1h-2: **In-Lieu Fees.** Allow small projects (fewer than 16 units) to voluntarily pay an "in-lieu BMR housing fee" when it is not feasible to provide affordable housing on site.[12]

*Policy 1i: **75% Affordable Projects.** Reserve a portion of the annual RDCS housing allocations for projects with 75 percent affordable housing.*

1i-1: **RDCS Reservation of Building Allotments.** Continue to reserve a minimum of 20 percent of the annual RDCS building allotments for projects that are 75 percent affordable housing projects or level established by City Council policy. Ensure these developments meet the full spectrum of needs associated with all income groups.

1i-2: **RDA Housing Set-Aside Funds.** Continue to make RDA Housing Set-Aside funds available to finance affordable projects, and consider assistance to below market rate ownership housing where a financing gap can be demonstrated.

1i-3: **Rental Housing Incentives.** Continue to assist market rate and nonprofit developers in developing affordable rental housing. (See Policy 1g-2 for potential incentives.)

1i-4: **Acquisition of Existing Housing by Non-Profits.** Continue to work with nonprofit housing agencies to acquire older, substandard market-rate rental units for conversion to a mix of market-rate and affordable units.

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[11] The RDCS offers incentives to promote the construction of below market rate housing, both for purchase and for rent. In the competition for housing allotments, projects score higher f they reserve some of the proposed units at below market rates - this is the City's most significant method for providing housing for low and moderate income households. The program has been supported by the City Council and Planning Commission and accepted by the development community. It is expected to remain the primary vehicle for the production of new below market rate units during the five-year planning period.)

[12] (Many communities that require low and moderate income housing assistance as conditions of development, allow developers to pay in-lieu fees as an alternative to providing BMR housing. The money is then used by the City or its designate to create housing affordable to very low, low, and moderate income households. Allowing in-lieu fees provides developers of small projects a financially viable alternative to constructing affordable units. However, in-lieu fees sometimes make it more difficult to provide and integrate low and moderate income units into the rest of the community because a suitable site must be acquired and the affordable units are concentrated on that site.)

Policy 1j: **Housing for Larger Households.** *Encourage the production of multi-family units appropriate for larger households.*

1j-1: **Provision of Larger Rental Units.** Ensure that new affordable BMIR rental units assisted with RDA funds provide a specified percentage of three-and four-bedroom units.

1j-2: **Provision of Larger Ownership Units.** Ensure that new BMIR ownership units continue to offer an appropriate percentage of three-and four-bedroom units in consideration of the proportion of large, low income families in relation to the population as a whole.

Policy 1k: **Mobile Homes and Manufactured Housing.** *Allow mobile homes and manufactured housing where appropriate.*

1k-1: **Allowances for Manufactured Housing.** Retain provisions in the Zoning Ordinance that permit manufactured housing on single-family lots by right in residential zoning districts so long as the manufactured homes are placed on permanent foundations and meet all other City requirements.

1k-2: **Mobile Home Parks and Subdivisions.** Continue to allow mobile home parks as conditional uses in the R-2 zone and manufactured home subdivisions within single-family residential zones as permitted uses.

Policy 1l: **Environmental Sustainability.** *Promote environmental sustainability in new construction.*

1l-1: **Evaluate Street Requirements.** Evaluate street requirements and look for opportunities to conform to green streets and complete streets guidelines (e.g. alternate ways of handling storm water or making streets more walkable).

1l-2: **Solar Energy Tax District.** Study the possibility of forming a voluntary (opt-in) solar energy tax district to provide loans to offset the initial cost of installing solar panels or other efficiency improvements. Loans would be paid for by a municipal bond and paid back by an increase in the participating household's property taxes for the life of the loan.

1l-3: **Green Building.** Require more explicit sustainability requirements in all new projects, including adopting a green buildings ordinance.

1l-4: **RDCS Incentives for Energy Conservation.** Retain RDCS incentives for energy conserving building techniques for residential construction by providing additional points in the allocation process for developments that include energy conservation components in excess of minimum state building standards requirements.

*Policy 1m: **Downtown Development.** Provide for a vibrant mix of residential and commercial development downtown.*

1m-1: **Downtown Specific Plan.** Implement the Downtown Specific Plan, and encourage development in the nearby Central Commercial-Residential (CC-R) zoning district.

1m-2: **Impact Fees for Downtown Housing.** Reduce per-unit impact fees for small downtown housing units.

*Policy 1n: **New Residential Development Locations.** Encourage new residential development in appropriate residential and commercial areas.*

1n-1: **Mixed Use Development.** Continue to maintain the mixed residential and commercial uses classification on sites previously identified.

1n-2: **Work with Affordable Housing Developers.** Continue to work with for-profit and nonprofit affordable housing developers to identify appropriate sites through regular contacts with such organizations and maintenance of a site inventory for the benefit or nonprofits.

*Policy 1o: **Second Units.** Encourage development of second dwelling units.*

1o-1: **R-2 Zoning.** Investigate the appropriateness of encouraging second units in R-2 zones, and if appropriate modify the R-2 zoning standards to allow second units.

1o-2: **Second Unit Information.** Develop resources to help educate homeowners, architects, and builders about second units. Potential actions include producing handouts and facts sheets and hosting "How To" workshops.

1o-3: **Ministerial Approval of Second Units.** Continue to allow staff to approve secondary units ministerially when appropriate.

1o-4: **Second Unit Fees.** Reduce per-unit impact fees for second units in recognition of their small size.

1o-5: **RDCS Incentives for Second Units.** Evaluate scoring criteria for the RDCS to identify greater incentives for second units.

1o-6: **Second Unit Ordinance.** Study and revise secondary unit ordinance to ensure it follows standard best practices. Points to consider include:
- Clarify the ordinance to ensure properties are not subdivided and second units sold as separate unit
- Utilize window techniques to reduce impact on adjacent property for two story secondary units
- Increase the maximum permitted secondary unit size to 50 percent of primary dwelling or 750 square feet, whichever is smaller

- Reduce parking requirements to one space for a two bedroom secondary unit, or allow tandem parking for the two spaces.
- Reduce or eliminate the minimum lot size for secondary units.
- Have second units governed by the same land use controls as other buildings (setbacks, lot coverage, etc).

*Policy 1p: **Programs Providing Very Low and Low Income Housing.** Participate in programs that assist very low and low income households to secure adequate housing.*

1p-1: **Santa Clara County Housing Programs.** Continue participating in and publicizing programs such as the County's Mortgage Credit Certificate program, Housing Trust Fund of Santa Clara County, CalHFA, etc.

1p-2: **Relocation Assistance.** Require relocation assistance when private redevelopment displaces very low, low, or moderate income residents.

1p-3: **Rental Assistance programs.** Encourage landlords to utilize rental assistance programs, such as housing vouchers and Section 8 vouchers administered by the Housing Authority of Santa Clara County. The City will undertake the following actions: (1) Refer rental property owners to the Santa Clara County's Housing Authority's waiting list; (2) When in contact with rental property owners, the staff will inform them of the Housing Authority's vouchers program; (3) Promote the availability of vouchers for use in the rental rehabilitation program.

*Policy 1q: **Leverage Funding.** Leverage housing assistance funds wherever possible by combining them with funds from State, federal and other sources.*

1q-1: **Use of RDA Housing Set-Aside.** Use RDA "20 percent" Housing Set-Aside funds to leverage the maximum amount of additional financing for affordable housing projects.

1q-2: **Work with Local Legislators.** Continue to work with local legislators and provide input to the State Legislature to ensure that State programs and legislation meet local housing needs and support local housing programs.

1q-3: **Update Funding Information.** Update, as needed, directories of state and federal housing and community development programs that provide financial assistance. Annually identify state and federal programs that are most applicable to Morgan Hill and have the greatest potential for funding affordable housing in the City.

*Policy 1r: **Housing Assistance Funds.** Provide housing assistance funds in the form of loans wherever possible so that the funds will eventually return to the City for future use.*

1r-1: **Home Improvement Loans.** Provide home improvement loans through the City's Housing Rehabilitation programs to very low, low, median, and moderate income homeowners.

1r-2: **Housing Rehabilitation of Rental Properties.** Provide financial assistance for substantial housing rehabilitation to rental property owners with very low or low income tenants in exchange for long-term affordability (as required by the funding source).

*Policy 1s: **Annual Monitoring.** Monitor housing development and housing needs annually to ensure that goals and quantified objectives are being met.*

1s-1: **Update City's Affordable Housing Strategy.** Continue to update the City's Affordable Housing Strategy with the most current Census data.

1s-2: **Review Housing Objectives Annually.** Review housing objectives annually and recommend program modifications if annual housing objectives are not being met.

1s-3: **Review Potential Governmental Constraints to Housing.** Continue to review potential governmental constraints, such as public works standards, to ensure that they do not pose an undo impediment to the provision of new housing or the rehabilitation of existing housing.

1s-4: **Sales Prices and Rental Rates.** Continue to have developers report initial sales price and rents of new units prior to occupancy approval.

*Policy 1t: **BMR Housing.** Continue to promote Below Market Rate (BMR) units as a source of affordable housing.*

1t-1: **BMR Occupancy.** Require all BMR units to be restricted to use as affordable housing as required by funding source.

1t-2: **BMR Deed Restrictions.** Continue to require the recordation of deed restrictions for all affordable units except secondary dwelling units.

1t-3: **Term of BMR Units.** Continue research to develop an appropriate term of affordability for ownership housing units.

1t-4: **BMR Equity.** Develop opportunities for owners of BMR units to build equity/wealth, while protecting the public investment of resources.

*Policy 1u: **Preserve At-Risk Units.** Preserve as many at-risk below market rate ownership and rental units as possible.*

1u-1: **Affordability Controls.** Continue to extend the affordability restrictions as part of the next sale to eligible purchasers and, if necessary, exercise the City's right of first refusal to purchase BMR units to ensure they remain affordable.

1u-2: **Annual Monitoring of Potential At-Risk Units.** Annually monitor the status of at-risk assisted rental housing units. Contact current property owners of at-risk projects to determine their financial objectives and appropriate financial assistance needed to meet those objectives (rehabilitation assistance, operating subsidies, additional Section 8 vouchers, etc.).

1u-3: **Assist Non-Profits in Acquisition of At-Risk Units.** Assist nonprofit housing organizations in acquiring and/or rehabilitating existing affordable rental housing through the provision of financial assistance in exchange for extending the affordability period as required by the applicable funding source.

*Policy lv: **Condominium Conversions.** Regulate the amount and timing of condominium conversions.*

1v-1: **Condominium Conversion Restrictions.** Continue the City's program to restrict conversion of rental units to condominiums if the rental vacancy rate is less than five percent.

1v-2: **Semi-Annual Survey of Rental Vacancies.** Conduct a semi-annual survey of rental housing vacancies to determine the applicable vacancy rate for implementing the condominium conversion ordinance.

*Policy 1w: **Housing Discrimination.** Work to eliminate discrimination in housing based on race, color, religion, sex, age, family size, marital status or national origin.*

1w-1: **Project Sentinel.** Refer discrimination complaints to Project Sentinel or other organizations that combat housing discrimination.

1w-2: **Support for Fair Housing Programs.** Annually support organizations which provide Fair Housing services or support programs and have a demonstrated track record of effectiveness as available funds allow.[13]

1w-3: **Equitable Buyer Selection Procedures.** Maintain an equitable buyer selection procedure through a waiting list process for low, median, and moderate income units.

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[13] Federal and State civil rights and fair housing laws guarantee the right of citizens to purchase or rent housing without discrimination. State law requires local governments to adopt programs to promote housing opportunities for all. Project Sentinel has been funded in past years by the City using CDBG funds.[13]

1w-4: **Publicity for City Programs.** Continue to publicize and broaden understanding and acceptance of City housing programs, including the discrimination complaints procedure, through public presentations, publications, news items, advertisements in the Morgan Hill Times and Gilroy Dispatch, public service announcements on the City's local access television channel, and by posting flyers at City Hall, City parks, and at various local churches on a continuing basis. Make special outreach efforts to the non-English speaking community and underserved/underrepresented populations.

Policy 1x: ***Integration of Affordable and Market Rate Housing.*** *Integrate below market rate and other affordable "Set-Aside" units into existing or proposed developments.*

1x-1: **RDCS and Neighborhood Context.** Retain provisions within the RDCS that give higher ratings to projects that create neighborhoods and residential developments of ethnic and economic diversity.

1x-2: **Creative Approaches to Mixing Housing Types.** Encourage revisions to the RDCS process that allow developers the flexibility to develop creative approaches for mixing various housing types and affordability levels within the boundaries of an entire development in order to achieve their voluntary BMR set-aside commitments.

Policy 1z: ***RDCS Flexibility.*** *Provide flexibility in the RDCS system where possible.*

1z-1: **Modifications to Approved Projects.** Allow developers to propose changes to their approved but not built projects assuming that the modifications do not cause a net loss of RDCS points, promote affordability, and are in the best interest of the City.

Goal 2 Preservation of the Existing Housing Supply

*Policy 2a: **City Housing Stock.** Maintain and conserve the City's existing housing stock.*

2a-1:   **Home Improvement Loan Program.** Continue the City's Home Improvement Loan Program which provides rehabilitation assistance using both RDA housing Set-Aside and/or CDBG funds.[14]

2a-2:   **Code Enforcement.** Continue City's code enforcement programs with emphasis on rental units, assistance in maintaining affordability, and non-displacement of existing tenants.[15]

2a-3:   **Renovations Under the Downtown Specific Plan.** Encourage the renovation of buildings consistent with the Downtown Specific Plan.

2a-4:   **Home Repairs.** Continue to provide funding for mobile home repair, senior home repair programs, neighborhood clean-up and paint, and rental lighting and security grant programs. Where possible, cooperate with code enforcement inspectors.

*Policy 2b: **Preserve Existing Residential Neighborhoods.** Promote and encourage the preservation of existing residential neighborhoods.*

2b-1:   **Capital Improvement Program and RDA.** Coordinate the planning and funding of neighborhood infrastructure improvements by integrating the Capital Improvement Program with the annual Redevelopment Agency programs.

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[14] Rehabilitation programs assist owners in refurbishing and improving existing properties, and help keep older housing units in use or on the market. Normally this assistance is targeted for lower income homeowners and for units that are affordable for rent to lower income persons. It is generally cheaper to assist in rehabilitating a unit than to build a new one. Assistance usually takes the form of a loan which is eventually repaid. The funds can then be used again. In Morgan Hill, 'which has a relatively new housing stock, only a few units need rehabilitation. The City is using RDA Set-Aside funds for acquisition and/or rehabilitation.

[15] Cities have the authority to require property owners to correct violations of City codes. This includes plumbing residential, electrical and fire and safety codes. Older areas are frequently targeted for a coordinated code enforcement program. Residential code enforcement programs need to be handled carefully however. Lower income property owners often cannot afford to make necessary improvements, and landlords raise rents to cover the cost of code improvements, making rentals less affordable. To preclude such problems, code enforcement programs can be combined with rehabilitation programs to provide low cost loans and other assistance. The City also requires relocation assistance when older housing must be demolished.

2b-2:   **Loans for Neighborhood Improvements.** Support neighborhood code enforcement programs with low cost loans and technical assistance to homeowners. (See Policy 2a regarding City programs for housing rehabilitation, code enforcement, and neighborhood improvement).

2b-3:   **Public Information on Rehabilitation Loans.** Continue public information efforts to encourage property owners in target neighborhoods to participate in the rehabilitation loan program.[16]

2b-4:   **Overcrowding.** Utilizing the Rehabilitation Loan program, continue to assist the expansion of existing units to alleviate overcrowding. (The City will implement this action by continuing to permit the addition of bedrooms and other expansions as an eligible rehabilitation activity to alleviate overcrowding.)

2b-5:   **Non-Profit Acquisition of Substandard Housing.** Continue to work with nonprofit housing organizations to identify and acquire dilapidated or substantially substandard housing units for the purpose of rehabilitating or replacing these housing units.

*Policy 2c: **Mobile Home Parks.** Preserve and protect existing mobile home parks.*

2c-1:   **Rent Stabilization Ordinance.** Maintain the City's rent stabilization ordinance for mobile home parks.

2c-2:   **Upgrade Older Mobile Homes.** Continue the City's program to provide rehabilitation loans to upgrade older mobile homes.

2c-3:   **Work with Mobile Home Interest Groups.** Work with mobile home residents and nonprofit groups, as opportunities and interests arise, to explore the purchase of existing mobile home parks to preserve or enhance their affordability. Options include providing funding for feasibility studies, assisting in accessing state and federal programs (such as the California Home Park Purchase Program), and using redevelopment Housing Set-Aside funding as gap funding.

*Policy 2d: **Environmental Sustainability.** Promote environmental sustainability in the existing housing stock.*

2d-1:   **Energy Audits/Weatherization.** Partner with local organizations for energy audits/weatherization programs.

2d-2:   **Rehabilitation and Sustainability.** Ensure that all housing units rehabilitated with City assistance are environmentally-friendly and energy efficient.

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[16] Public information efforts will include distribution of flyers in public places, to community organizations serving special groups, posting of information on the City's website, presentations at community events, and press releases to the media.

Goal 3 Adequate Housing for Groups with Special Needs

*Policy 3a: **RDCS Incentives for Large Families.** Provide incentives through the RDCS for the production of affordable housing for large families.*

3a-1: **RDCS Incentives for Large Families.** Continue to implement RDCS criteria that provide additional points for the production of housing for large families in the "Housing Needs" and "Housing Types" sections of the criteria.

*Policy 3b: **Homeless.** Meet the needs of residents who are homeless or at risk for homelessness.*

3b-1: **Housing First.** Adopt a Housing First model that recognizes the unique characteristics of Morgan Hill as a small suburban city. Study how to best implement the policy to meet the needs of Morgan Hill residents. Through the Housing First policy, Morgan Hill will emphasize permanent affordable housing. When appropriate and feasible, Morgan Hill will try to make support services available.

3b-2: **Support of Homeless Shelter and Services Agencies.** Continue to support the effort of agencies providing emergency shelter for homeless Morgan Hill residents, when appropriate and possible providing funding.

3b-3: **Work with Santa County Agencies.** Continue engagement with other Santa Clara County agencies and nonprofits to address homelessness and other housing or community service related issues.

3b-4: **Transitional and Supportive Housing.** Continue to treat transitional and supportive housing as residential land uses and only subject to those restrictions that apply to other residential uses of the same type in the same zone.

3b-6: **Emergency Shelter Zoning.** Amend the Zoning Ordinance to permit emergency shelters by right in the public facilities zone, subject to design review and other standards as permitted under California law.

3b-7: **Religious Institutions Shelters.** Allow religious institutions to operate small emergency shelters and transitional facilities as an ancillary part of their regular operations with no additional local permitting requirements.

*Policy 3c: **Housing for Persons with Disabilities.** Promote housing that is appropriate for and accessible to persons living with disabilities.*

3c-1: **State and Federal Accessibility Requirements.** Continue to enforce State and federal requirements for accessibility to the disabled in new multi-family units.[17] Educate builders about the relevant laws.

3c-2: **Low Interest Loans for Accessibility.** Provide low interest rehabilitation loans to make existing residences accessible to the disabled.

3c-3: **Housing for Mentallly Impaired Homeless Adults.** Work with nonprofit organizations (Community Solutions and South County Housing are two examples of relationships the City and Agency have with nonprofits) to evaluate the need for additional multi-family units in Morgan Hill for mentally impaired homeless adults.

3c-4: **Reasonable Accommodation Allowances.** Create a "Reasonable Accommodations" handout for staff, homeowners and developers to summarize and publicize that projections into required yards and/or setback reductions on residential properties can be approved by the Community Development Director to allow for reasonable accommodation for persons with disabilities.[18]

*Policy 3d: **Housing for Seniors.** Assist in providing housing for seniors.*

3d-1: **Locations for Senior Housing.** Identify criteria and locations within the city that are appropriate for senior housing developments and assist developers as appropriate.

3d-2: **Rehabilitation Loans for Seniors.** Continue funding the SHRP and Home Rehabilitation Programs. Maintain priority for eligible improvements related to health, safety or other essential repairs[19].

3d-3: **Consider RDCS Allocation for Senior Housing.** Consider the creation of a RDCS allocation for senior housing with separate criteria.

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[17] State and federal laws require ten percent of multi-family units to be handicapped accessible or adaptable. These requirements are enforced through the City's Building Division as part of normal building code enforcement. Federal provisions adopted during the 1990s have broadened the applicability of the standards.

[18] Section 18.56 060 of the Municipal Code allows projections into setback areas for access ramps and similar accommodations, and Section 18.56.150 allows for Minor Exceptions to certain physical development standards in residential zoning districts. The projections are allowed by Code and the exceptions are approved by the Director using a streamlined administrative process involving notification of adjacent property owners.

[19] Currently, senior developments can not compete effectively against other projects in the RDCS system, and consequently they do not get proposed. By having a separate allocation for senior housing, the City can increase the likelihood of receiving proposals. Additionally, senior housing has different needs than age-integrated housing and the criteria should be different. For instance, more indoor public space for activities and van shuttles are amenities that are more important in senior housing.

3d-4: **Smaller Senior Units on Single Family Lots.** Allow small senior multi-family units on single family lots.

3d-5: **Reduced Parking Requirements for Senior Housing.** Consider reducing parking standards for senior developments.

3d-6: **Reduced Impact Fees for Senior Housing.** Reduce per-unit impact fees for small senior housing units.

*Policy 3e: **Services for Special Needs Populations.** Assist in providing housing related services to groups with special needs.*

3e-1: **Work with Other Agencies.** Continue to work with outside agencies and organizations to maximize housing opportunities for the full spectrum of housing needs.

3e-2: **Use CDBG and Other Funding.** Continue to use CDBG and other available funds to support the provision of housing related services for groups with special needs such as the elderly, single women with children, and battered women.

3e-3: **Domestic Violence Facilities.** Continue to fund upgrades at facilities aimed at people leaving domestic violence as appropriate.

3e-4: **Preferential Handling of Special Needs Populations.** Include preferential handling of special needs populations, such as domestic violence cases or youth aging out of foster care, in the management plans and regulatory agreements of funded projects.

3e-5: **Emergency Voucher Program.** Research and evaluate a one-time emergency voucher program to assist residents displaced by criminal activity, natural disasters or other emergencies. Coordinate with social service providers.

*Policy 3f: **Universal Design.** Encourage universal design and maximize visability, building on Title 24.*

3f-1: **Increased Awareness of Universal Design Principals.** Increase awareness of universal design principals. Educate the Planning Commission about universal design. Make information available at Development Services Center.

3f-2: **Universal Design Ordinance.** Consider the adoption of a universal design ordinance or policies to encourage the inclusion of universal design features in new construction. Options include identifying minimum, cost-effective amenities for all new construction and offering points in the RDCS for homes that provide a more extensive selection of universal design features.

Section VI
Implementation Timeframe

A Overview

The Morgan Hill Housing Element is built around preserving and enhancing residential neighborhoods, sustaining the community's character and environmental resources, and efficiently planning for the future use of remaining undeveloped or redeveloping properties so that they fulfill unmet needs. The implementing programs in the Housing Element, as described in the previous section, are intended to address these concerns.

In reviewing the list of programs it is important to recognize two other concerns: (1) There are limited staff and budget resources to undertake all of the programs listed immediately; and (2) some programs require other funding or actions to occur first. The Downtown Specific Plan adoption will also assist in achieving the goals of the City's Housing Element.

This section covers all of the implementing programs described in the Housing Element, and represents the City's commitment to take an active leadership role in assuring the implementation of the programs described. It is also the City's intent to: (1) Encourage public review and effective participation in all aspects of the planning process; and (2) assure annual review of the Housing Element in order to periodically revise and update this Action Plan as necessary to keep it effective.

B Implementation Summary Tables *(Information to be Added)*

Morgan Hill Housing Element Program	Time Frame	Total 2007 - 2014 Target	ELI	VL	Low	Mod	Above Mod	Dept	Source of Funding
Goal 1 Adequate New Housing to Meet Future Community Housing Needs									
1a-1: Maintain Adequate Vacant Land									
1a- 2: Evaluate Land Availability Annually									
1a-3: Capital Improvement Programming									
1a-4: Meet the City's RHNA									
1b-1: Adequate R-3 and R-4 Zoned Sites									
1b-2: Land Acquisition for Affordable Housing									
1b-3: Transit Corridors Development									
1c-1: Annually Evaluate RDCS Allocations									
1d-1: New Housing (20% Multi-Family)									
1d-2: New Multi-Family Housing (30% Rentals)									
1d-3: Annual RDCS Objectives									
1d-4: Retain Residential Zoning									
1d-5: Minimum Densities									
1d-6: Affordable Housing Strategy Implementation									
1d-7: RDCS Refinement									
1e-1: Zoning Revision (Variety of Single Family Lot Sizes)									
1e-2: ZoningGeneral Plan Revision (Single Family High)									
1f-1: First-Time Homebuyer Program									
1g-1: Monitor and Implement RDCS in New Projects									
1g-2: Density Bonuses and Other Incentives									
1h-1: RDCS Points for BMR Housing									

Morgan Hill Housing Element Program	Time Frame	Total 2007 - 2014 Target	ELI	VL	Low	Mod	Above Mod	Dept	Source of Funding
1h-2: In-Lieu Fees									
1i-1: RDCS Reservation of Building Allotments									
1i-2: RDA Housing Set-Aside Funds									
1i-3: Rental Housing Incentives									
1i-4: Acquisition of Existing Housing by Non-Profits									
1j-1: Provision of Larger Rental Units									
1j-2: Provision of Larger Ownership Units									
1k-1: Allowances for Manufactured Housing									
1k-2: Mobile Home Parks and Subdivisions									
1l-1: Evaluate Street Requirements									
1l-2: Solar Energy Tax District									
1l-3: Green Building									
1l-4: RDCS Incentives for Energy Conservation									
1m-1: Downtown Specific Plan									
1m-2: Impact Fees for Downtown Housing									
1n-1: Mixed Use Development									
1n-2: Work with Affordable Housing Developers									
1o-1: R-2 Zoning									
1o-2: Second Unit Information									
1o-3: Ministerial Approval of Second Units									
1o-4: Second Unit Fees									
1o-5: RDCS Incentives for Second Units									

Morgan Hill Housing Element Program	Time Frame	Total 2007 - 2014 Target	ELI	VL	Low	Mod	Above Mod	Dept	Source of Funding
1o:6: Second Unit Ordinance									
1p-1: Santa Clara County Housing Programs									
1p-2: Relocation Assistance									
1p-3: Rental Assistance programs									
1q-1: Use of RDA Housing Set-Aside									
1q-2: Work with Local Legislators									
1q-3: Update Funding Information									
1r-1: Home Improvement Loans									
1r-2: Housing Rehabilitation of Rental Properties									
1s-1: Update City's Affordable Housing Strategy									
1s-2: Review Housing Objectives Annually									
1s-3: Review Governmental Constraints to Housing									
1s-4: Sales Prices and Rental Rates									
1t-1: BMR Occupancy									
1t-2: BMR Deed Restrictions									
1t-3: Term of BMR Units									
1t-4: BMR Equity									
1u-1: Affordability Controls									
1u-2: Annual Monitoring of Potential At-Risk Units									
1u-3: Assist Non-Profits in Acquisition of At-Risk Units									
1v-1: Condominium Conversion Restrictions									
1v-2: Semi-Annual Survey of Rental Vacancies									

Morgan Hill Housing Element Program	Time Frame	Total 2007 - 2014 Target	ELI	VL	Low	Mod	Above Mod	Dept	Source of Funding
1w-1: Project Sentinel									
1w-2: Support for Fair Housing Programs									
1w-3: Equitable Buyer Selection Procedures									
1w-4: Publicity for City Programs									
1x-1: RDCS and Neighborhood Context									
1x-2: Creative Approaches to Mixing Housing Types									
1z-1: Modifications to Approved Projects									

Goal 2   Preservation of the Existing Housing Supply

2a-1: Home Improvement Loan Program									
2a-2: Code Enforcement									
2a-3: Renovations Under the Downtown Specific Plan									
2a-4: Home Repairs									
2b-1: Capital Improvement Program and RDA									
2b-2: Loans for Neighborhood Improvements									
2b-3: Public Information on Rehabilitation Loans									
2b-4: Overcrowding									
2b-5: Non-Profit Acquisition of Substandard Housing									
2c-1: Rent Stabilization Ordinance									
2c-2: Upgrade Older Mobile Homes									
2c-3: Work with Mobile Home Interest Groups									
2d-1: Energy Audits/Weatherization									
2d-2: Rehabiliation and Sustainability									

Morgan Hill Housing Element Program	Time Frame	Total 2007 - 2014 Target	ELI	VL	Low	Mod	Above Mod	Dept	Source of Funding

Goal 3   Adequate Housing for Groups with Special Needs

Morgan Hill Housing Element Program	Time Frame	Total 2007 - 2014 Target	ELI	VL	Low	Mod	Above Mod	Dept	Source of Funding
3a-1: RDCS Incentives for Large Families									
3b-1: Housing First									
3b-2: Support of Homeless Shelter and Services Agencies									
3b-3: Work with Santa County Agencies									
3b-4: Transitional and Supportive Housing									
3b-6: Emergency Shelter Zoning									
3b-7: Religious Institutions Shelters									
3c-1: State and Federal Accessibility Requirements									
3c-2: Low Interest Loans for Accessibility									
3c-3: Housing for Mentall Impaired Homeless Adults									
3c-4: Reasonable Accommodation Allowances									
3d-1: Locations for Senior Housing									
3d-2: Rehabilitation Loans for Seniors									
3d-3: Consider RDCS Allocation for Senior Housing									
3d-4: Smaller Senior Units on Single Family Lots									
3d-5: Reduced Parking Requirements for Senior Housing									
3d-6: Reduced Impact Fees for Senior Housing									
3e-1: Work with Other Agencies									
3e-2: Use CDBG and Other Funding									
3e-3: Domestic Violence Facilities									
3e:4: Preferential Handling of Special Needs Populations									

Morgan Hill Housing Element Program	Time Frame	Total 2007 - 2014 Target	ELI	VL	Low	Mod	Above Mod	Dept	Source of Funding
3e-5: Emergency Voucher Program									
3f-1: Increased Awareness of Universal Design Principals									
3f-2: Universal Design Ordinance									

Legend
ELI — Extremely Low Income
VL — Very Low Income
Low — Low Income
Mod — Moderate Income
Above Mod — Above Moderate Income
Dept — Department or Agency Responsible for Implmenetation
GF — General Fund
RDAF — Redevelopment Funds
CC — City Council
PC — Planning Commission
RDA — Redevelopment Agency
PD — Planning

Section VII
Quantified Objectives

A Purpose of Establishing Quantified Objectives

State law requires the Housing Element to include quantified objectives for the maximum number of units that can be constructed, rehabilitated or conserved. Policies and programs establish the strategies to achieve these objectives. The City's quantified objectives are described under each program, as listed in Section VI, and represent the City's best effort in implementing each of the programs. Assumptions are based on past program performance and funding availability, construction trends, land availability, and future programs that will enhance program effectiveness and achieve full implementation of the City's objectives. The tables below summarize the City's quantified program objectives for housing during the 2007-2014 planning period.

B Quantified Objectives Summary Table

Morgan Hill Quantified Objectives Summary

Income Category	New Construction	Rehabilitation	Conservation and Preservation
Extremely Low Income	____	____	____
Very Low Income	____	____	____
Low Income	____	____	____
Moderate Income	____	____	____
Above Moderate Income	____	____	____
Total	____	____	____